BRITISH COLUMBIA
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**BC STATS**
Service BC
Ministry of Labour and Citizens' Services

# Infoline

*Contact:* bcstats.infoline@gov.bc.ca *Issue:* 07-24 *June 15th, 2007*

- **Manufacturing shipments climbed 2.2% in April**
- **BC provincial/local government revenues grew 5.8% in 2006/07**
- **Women continue to earn less than men despite an increase in university degrees**

## The Economy

- **Shipments of goods produced by British Columbia manufacturers climbed (+2.2%, *seasonally adjusted*) in April, on the heels of a more modest gain (+0.9%) in March.** Manufacturers of non-durable goods saw a stable increase (+1.1%) in the value of shipments, mostly due to strength in the food (+1.2%) and paper (+4.9%) industries. Driven by an increase in the shipments of wood (+5.3%), fabricated (+5.3%) and primary (8.4%) metal products, durable goods (+3.1%) saw growth for the first time this year.

  Canadian manufacturing shipments inched down (-0.6%) in April as provincial results were split. Manufacturers in five provinces saw increases, ranging from 0.6% in PEI to 7.8% in Saskatchewan. Shipments were down in other provinces with Manitoba posting the largest percentage decline (-10.4%). The national decrease in shipments was largely due to a substantial drop in the production of automotive and aerospace products, which resulted in a weak month for Ontario (-2.0%).

  *Data Source:* Statistics

- **The cost of new housing in Victoria slipped in April, falling 1.2% lower than in the same month last year.** The decrease was the result of a drop in housing prices (-4.1%) as land value (+2.3%) continued to rise. Vancouver's New Housing Price Index was up 6.7%, reflecting soaring housing costs (+10.0%) and slightly higher land values (+0.2%).

  New housing prices advanced in 19 of Canada's 21 metropolitan areas. Edmonton continued to lead the way with a 40.5% increase over April of 2006, followed by Calgary (+27.4%) and Saskatoon (+24.9%). Other than Victoria, Windsor, Ontario (-0.5%) was the only metropolitan area to see a decrease in new housing prices. Nationally, the cost of new housing advanced 8.9% during the twelve-month period ending in April. *Data Source:* Statistics Canada

- **There was a surge in the number of new vehicles purchased in BC and the Territories in April (+6.6% *seasonally adjusted*).** This was just slightly lower than overall Canadian growth in vehicle sales (+6.9%). Passenger vehicles made in North America were the largest contributor to growth (+13.4%), while sales of cars built overseas were flat. Ontario (+11.8%) and Nova Scotia (+13.1%) recorded the largest increases, while Alberta (-3.5%) and New Brunswick (-0.4%) were the only provinces with fewer vehicles sold in April.

  *Data Source:* Statistics Canada

## Public Sector

- **During the 2006/07 fiscal year, *consolidated provincial/local* government sector revenues rose 5.8% in BC, the third highest growth among the provinces.** Taxes, investment income, health insurance premiums and other own-source revenues (which account for about 86% of total revenues) increased 5.6%. Income tax revenues rose 12.8%, while property and related taxes were up 4.6%. Specific purpose transfers from the federal government also contributed to the revenue growth, jumping 13.2%. However, general purpose transfers (equalization payments, the Canada Health and Social Transfer, and other transfers from the federal government sector) were 7.9% lower than in the 2005/06 fiscal year. With the exception of Nova Scotia, revenues were higher in every province.

**Report** BC's High Tech Trade

**Did you know...**

53% of Vancouverites believe that gaining weight is just a natural part of the ageing process. 86% of Ottawa residents feel the same way. *Source: Ipsos Canada*

Expenditures in the province also continued to rise (+9.1%) as spending on social services (+13.4%) health care (+8.3%) and education (+11.7%) was boosted. Spending was up in every province.

The consolidated local and provincial surplus in BC fell to $578 million from $1.8 billion in the previous year. Despite the decrease, BC had the second largest surplus in 2006/07, behind only Alberta ($8.7 billion). On the other hand, the largest deficits were seen in Quebec ($2.5 billion) and Nova Scotia ($0.1 billion).

*Data Source: Statistics Canada*

*These statistics are based on a much broader definition of the public sector than is used in the Public Accounts. Statistics Canada's definition of the provincial/local public sector includes both provincial and local general government, as well as school boards, universities, colleges, hospitals and other public health care institutions, and government pension plans. Consolidated provincial/local data have been adjusted to remove transfers between entities within the sector in order to avoid double-counting.*

## Parental Leave

- **It is becoming increasingly more common for Canadian fathers to take leave from work for the birth or adoption of a child, though it is still more customary among mothers.** Between 2001 and 2006, approximately 65% of fathers took a paid or unpaid leave from their job, compared to 90% of women. Fathers tended to return to work sooner than mothers (within the month following the child's birth). About 50% of mothers returned to work between 12 and 47 months following the arrival of their child. However, a significant proportion (23%) of parents who took leave did not reintegrate into the labour market. The most common reasons cited for not returning to work included the desire to raise their children themselves (54%) and financial reasons pertaining to the high cost of child care services (24%). Over 3.2 million (about 12% of the population) Canadians aged 15 and older had or adopted a child between 2001 and 2006. *Data Source: S.C. Cat. #89-625-XIWE2007302*

## Gender Gap

- **Despite an increasing number of young Canadian women holding university degrees, there has been little narrowing of the wage gap between genders.** Between 1991 and 2001, the proportion of 25- to 29-year-old women with university degrees rose significantly (from 21% to 34%). Over the same period, the proportion of men in their 20s with degrees climbed at a more moderate pace (from 16% to 21%). In 1991, women aged 25 to 29 earned 20% less than men. Ten years later, the gap had narrowed, but only slightly (to 18%). The slower narrowing of the wage gap between men and women is partly attributable to wage declines in female-dominated disciplines such as health and education and simultaneous wage increases in male-dominated fields such as mathematics, computer-sciences and engineering. *Data Source: S.C. Cat. #11F0019MIE2007301*

## The Nation

- **Capacity use by Canadian industries edged up in the first quarter of 2007, ending four consecutive quarters of decline.** Industries operated at 83.0% of their full capacity between January and April, up slightly from 82.4% in the fourth quarter of last year. Fourteen of the 21 industry groups in the manufacturing sector saw higher capacity use. Forestry and logging establishments ramped up production (+5.9 percentage points to 88.1%) and utilization in mining & oil & gas extraction also heated up (+1.6 percentage points to 83.3%). Capacity use in the construction sector, on the other hand, eased (-0.3 percentage points to 85.9%).

*Data Source: Statistics Canada*

## Labour

- **Canada's labour force will continue to grow, but the nation's participation rate will fall during the next quarter century.** Using current trends in population and participation growth, the labour force is expected to reach 19.4 million by 2031 (+9.0%) while the participation rate would fall from 67% in 2005 to 58% in 2031 as a result of low fertility and an aging workforce. This decline in participation is expected to be more pronounced starting in 2011, when the first of the baby boomers reach the age of 65. Further, the number of active labourers to retired persons is expected to halve from about four to slightly more than two in 2031.

*Data Source: Statistics Canada*

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.



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Originally published in
*Exports* Issue 07-03

# BC's High Tech Trade[1]

British Columbia has traditionally relied on resource extraction industries to drive its economy and this was particularly true with respect to commodity exports. More recently, BC's economy has become more diversified with the service sector playing an increasingly greater role; however, exports from the province are still largely resource-based. As such, British Columbia's economy is susceptible to commodity price fluctuations and the cyclical nature of demand for these goods. High technology is one area in which the BC economy has been growing, starting the process of diversification away from the traditional hewing of wood and drawing of water types of industries. However, in 2005, high tech goods represented only 2% of BC's total commodity exports, although almost a quarter (23%) of BC's service exports were high technology-oriented.

Nevertheless, BC's high technology sector continues to expand. In 2005, there was a modest 2.6% increase in the value of high technology commodity exports from the province. The increase occurred despite a 4.5% drop in exports to the United States, the largest market for high technology goods from British Columbia. Part of the reason for the subdued performance is the rapid appreciation of the Canadian dollar in recent years. Valued in American currency, growth in exports of high technology goods has been considerably stronger over the last three years, including a 10.3% jump in 2005.

BC's high tech exports edged up in 2005, although growth was much stronger when converted to US$

Source: BC Stats

The overall value of all goods exported from BC climbed 10.0% in 2005, significantly outpacing international shipments of high technology goods. Slower growth in high tech exports compared to commodity trade as a whole has led to a diminishing share for high technology commodities, down almost a whole percentage point from the peak of 3% recorded in 1998.

[1] This article is extracted from the *Profile of the British Columbia High Technology Sector: 2006 Edition*, available online at http://www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech/HTPcurr.pdf

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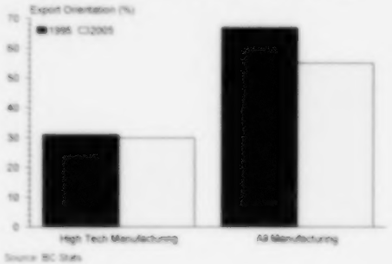
A smaller portion of high technology products are exported compared to total manufacturing




Source: BC Stats

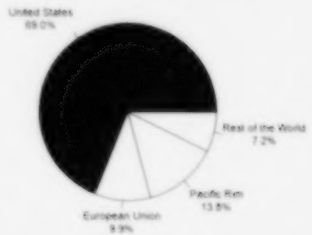
While slower export growth may be a concern, BC's high technology manufacturing sector tends to be geared more toward the Canadian market, particularly compared to manufacturing in the province in general. In 2005, only 30% of total high tech shipments were exported compared to 55% of manufactured goods overall. In addition, this ratio has contracted somewhat over the last decade, such that a larger share of high technology goods produced in British Columbia are now destined for the Canadian market.

As with exports in general, the United States is the top destination for high technology goods exported from British Columbia. In 2005, BC exported $486 million worth of high tech goods to the United States, or 69% of all high tech goods exported from the province. This is higher than the proportion of total commodity exports from BC that were shipped to the United States, as only 65% of BC's total goods exports were US-bound in 2005. However, the share of BC's high technology exports headed for the US has slipped in recent years. As recently as 2002, over 80% of BC's high tech goods went to the United States.

High technology exports to Mainland China grew 61.8% to $23 million in 2005, vaulting that country past the United Kingdom to place a distant second to the US as a destination for high tech commodity exports from British Columbia. Exports to Japan experienced even more impressive growth, climbing 80.8% to $20 million to rank third. The United Kingdom dropped to fourth as shipments to that country slumped 20.6% in 2005.

Despite the drop in shipments to the UK, exports to the countries of the European Union climbed 7.3%, spurred largely by shipments to Italy, which more than doubled in 2005. However, the most significant region for growth in exports was the Pacific Rim, which took in 47.1% more of BC's high tech goods compared to 2004. In addition to Japan and China, Taiwan (+139.9%), Australia (+40.9%) and Hong Kong (+37.0%) also experienced robust double-digit increases.

The United States is the dominant destination for BC high tech goods exports




Source: BC Stats

BC imports far more high technology goods than it exports. In 2005, the value of imports of high tech goods into BC grew for the second straight year, rising 4.8%. BC's high technology imports tend to follow a trend similar to high tech exports because a significant amount of high tech goods imported into the province are used as inputs into BC's own high technology manufacturing. As a result, when demand for domestically produced high tech goods is down, the demand for input goods imported into the province is also muted. This can particularly be seen over the last few years as imports were declining at the same time as





exports and their subsequent rebound also followed the trend of exports.

The largest source of increased imports was the Pacific Rim, particularly Mainland China. While imports from the United States slipped 2.1% and high tech goods shipped to BC from the European Union fell 11.4%, shipments from the Pacific Rim climbed 11.4%, including a 30.9% surge in imports from China. Portable computers and cellular telephones were among the goods driving much of the increase in high tech goods entering the province from China, which suggests that at least some of the growth in imports was consumer-driven and not solely due to the demand created by the domestic high tech sector.

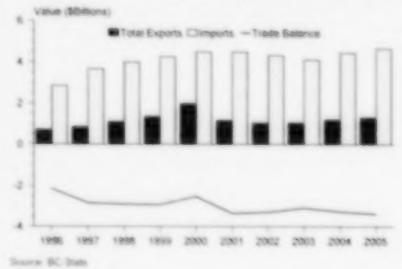
Imports of high technology products into British Columbia increased in 2005




Source: BC Stats

As is the case with exports, the United States is the most significant origin of BC imports of high technology, although it is far less dominant as a source for imports than it is as a destination for exports. In 2005, just under 40% of imports of high tech products into BC originated in the United States, amounting to $1,851 million. Countries in the Pacific Rim were the source of just over a third of BC high tech imports (36%). Within the Pacific Rim, Mainland China was the leading origin of high tech imports into BC, shipping $712 million worth of these goods to the province, or 15% of imports. This was good enough to rank China second as a source for high tech imports into BC, well ahead of third-ranked Mexico ($382 million). In fact, China shipped more high tech products to BC than all of the European Union countries combined ($411 million).

BC imports far more high tech goods than it exports




Source: BC Stats

British Columbia imports substantially more high technology goods than it exports and, as a result, the province runs a trade deficit in these commodities. The faster growth in imports compared to exports meant that the trade deficit increased slightly in 2005, rising to just under $3.4 billion. In other words, BC imported $3.4 billion more in high tech goods than it exported in 2005.

Approximately a third ($1.1 billion) of BC's high tech trade deficit is with the United States. This is in stark contrast to commodity trade as a whole, where BC has a substantial trade surplus with the United States. The second largest deficit in trade of high tech goods for BC is with Mainland China. At $676 million, it represents about 20% of BC's high tech commodity trade deficit. The next largest deficit is with Mexico, at $374 million, which is larger than the combined deficit with all the countries of the European Union ($277 million).

On the service side of the ledger, there is far less detail available with regard to international trade, mainly due to the difficulty involved in measuring such trade. As a result, BC STATS has endeavoured only to meas-

ure high tech service exports, so that a trade balance for services cannot be measured.

Some service exports take place when BC-based professionals, such as engineers or software programmers, work for a period of time outside the province. Service exports also occur when, for example, an engineering firm produces a study in its BC office for an overseas client or when a software developer creates a new program that is "shipped" on-line to a client in another country.

The high technology sector in BC exports far more services than goods. In 2005, the value of high tech service exports was over three times that of international shipments of high tech goods. This is in contrast to the province's overall exports, for which commodity shipments are valued at almost four times that of service exports.

The value of high tech service exports from BC surged 12.1% in 2005, largely due to strong growth in computer and related services, as well as motion picture production and post-production. Exports of computer and related services, which represent well over half of total high technology service exports, climbed 7.2%. Most of the increase was a result of a strong performance in the computer systems design and related industry. The motion picture industry rebounded from a slowdown in 2004 despite the continuing appreciation of the Canadian dollar against its American counterpart, with exports skyrocketing 71.8%. While a higher dollar may have driven away some American productions in 2004, a boost in available tax credits was likely the main reason for their return in 2005. The tax credits available to foreign film-makers shooting in British Columbia are attractive to budget conscious producers and have helped the province develop a world class motion picture industry.

While 2005 was not a particularly standout year for high tech commodity exports, the better performance for service exports shows some promise for the sector in British Columbia. For a more detailed look at high tech trade, including comparisons with other provinces and the United States, as well as measurements of high tech GDP, revenue, wages and salaries, employment and establishment counts, refer to the *Profile of the British Columbia High Technology Sector: 2006 Edition*. An update to this publication should be available sometime in the fall of 2007 with data covering 2006.

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## *BC at a glance . . .*

| POPULATION (thousands) | Jan 1/07 | % change on one year ago |
|---|---|---|
| BC | 4,338.1 | 1.3 |
| Canada | 32,777.3 | 1.0 |
| **GDP and INCOME (Released Apr 25)** | | |
| *(BC - at market prices)* | 2006 | % change on one year ago |
| Gross Domestic Product (GDP) *($ millions)* | 179,701 | 6.4 |
| GDP *($ 1997 millions)* | 150,741 | 3.6 |
| GDP *($ 1997 per Capita)* | 34,971 | 2.3 |
| Personal Disposable Income *($ 1997 per Capita)* | 21,984 | 4.8 |
| **TRADE ($ millions, seasonally adjusted)** | | % change on prev. month |
| Manufacturing Shipments - Apr | 3,530 | 2.2 |
| Merchandise Exports - Apr | 3,010 | 5.3 |
| Retail Sales - Mar | 4,624 | 1.4 |
| **CONSUMER PRICE INDEX** | % change on one year ago | 12-month avg % change |
| *(all items - Apr 2007)* | | |
| BC | 1.9 | 1.9 |
| Vancouver | 2.3 | 2.2 |
| Victoria | 1.3 | 1.5 |
| Canada | 2.2 | 1.8 |
| **LABOUR FORCE (thousands)** | | % change on |
| *(seasonally adjusted)* | May '07 | prev. month |
| Labour Force - BC | 2,362 | 0.4 |
| Employed - BC | 2,263 | 0.6 |
| Unemployed - BC | 99 | -5.3 |
| | | Apr '07 |
| Unemployment Rate - BC *(percent)* | 4.2 | 4.4 |
| Unemployment Rate - Canada *(percent)* | 6.1 | 6.1 |
| **INTEREST RATES (percent)** | Jun 13/07 | Jun 14/06 |
| Prime Business Rate | 6.00 | 6.00 |
| Conventional Mortgages - 1 year | 7.00 | 6.35 |
| - 5 year | 7.29 | 6.75 |
| **US/CANADA EXCHANGE RATE** | Jun 13/07 | Jun 14/06 |
| *(avg. noon spot rate)* Cdn $ | 1.0754 | 1.1028 |
| US $ *(reciprocal of the closing rate)* | 0.9312 | 0.9079 |
| **AVERAGE WEEKLY WAGE RATE** | | % change on |
| *(industrial aggregate - dollars)* | May '07 | one year ago |
| BC | 741.59 | 2.7 |
| Canada | 743.89 | 2.5 |

SOURCES:

Population, Gross Domestic Product, Trade } Statistics Canada
Prices, Labour Force, Wage Rate }
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
For latest Weekly Financial Statistics see www.bankofcanada.ca

### Regional Employment Projections

BC Stats, with the financial assistance of the Ministry of Advanced Education, developed the Regional Employment Projection Model (REPM), designed to project industrial and occupational employment in regions of the Province of British Columbia. The model projects employment at the Regional District level and then aggregates back up to the College Region for reporting purposes.

www.bcstats.gov.bc.ca/data/lss/repm.asp

### Socio-Economic Profiles & Indices

The 2006 edition of these widely-monitored reports provide the most complete and up-to-date basis for measuring and comparing the social and economic dimensions of regions in the province. Released April 4.

www.bcstats.gov.bc.ca/data/sep/index.asp

### High Technology Sector—2006

The high technology sector is a growing part of British Columbia's diverse economy, offering the prospect of strong economic growth in the years to come, as well as a local source of technology inputs to the province's resource-based industries.

Our latest *Profile* and *Input Indicators* reports are now available.

www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech.asp

**Released this week by BC STATS**

- Exports, April 2007

**Next week**

- Consumer Price Index, May 2007

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